

COVER SHEET

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S.E.C. Registration Number

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C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S	

(Company's Full Name)

Y	U	C	H	E	N	G	C	O		T	O	W	E	R	,		R	C	B	C		P	L	A	Z	A	,		
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Contact Person

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Company Telephone Number

0	6
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Month

3	0
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Day

Fiscal Year

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

S	E	C
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

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STAMPS

SEC Number	<u>17514</u>
PSE Code	<u> </u>
File Number	<u> </u>

**RIZAL COMMERCIAL BANKING
CORPORATION AND SUBSIDIARIES**

(Company's Full Name)

**Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. corner Sen G.J. Puyat Ave., Makati City**

(Company's Address)

894-9000

(Telephone Number)

June 30, 2016

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2)(b) THEREUNDER**

1. For the fiscal year ended June 30, 2016
2. SEC Identification Number 17514 4. BIR Tax Identification No. 000-599-760-000
3. Exact name of registrant as specified in its charter: RIZAL COMMERCIAL BANKING CORPORATION
5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. RCBC Plaza Yuchengco Tower 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 0727
Address of principal office Postal Code
8. (632) 894-9000
Registrant's telephone number, including area code
9. Not applicable
Former name, former address & former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, P10 par value	1,399,912,464 (as of 30 June 2016)

Are any or all of these securities listed on the Philippine Stock Exchange

Yes (x) No ()

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes (x) No ()

(b) has been subject to such filing requirements for the past 90 days

Yes (x) No ()

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements ^{1/}

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions)

		(Unaudited)	(Audited)
		June 30	December 31
		2016	2015
ASSETS			
Cash and Other Cash Items	P	13,813	P 14,070
Due From Bangko Sentral ng Pilipinas		65,110	50,617
Due From Other Banks		21,175	19,701
Investment Securities			
Financial Assets at Fair Value Through Profit or Loss		14,765	5,112
Financial Assets at Fair Value Through Other Comprehensive Income		4,378	4,208
Investment Securities At Amortized Cost		54,199	101,881
Loans and Receivables, net		303,535	299,119
Investments in Associates, net		432	363
Bank Premises, Furniture, Fixtures & Equipment, net		8,918	7,602
Investment Properties, net		3,263	3,370
Other Resources, net		10,741	10,018
TOTAL RESOURCES	P	500,329	P 516,061
LIABILITIES AND CAPITAL FUNDS			
Deposit Liabilities			
Demand Deposits	P	42,411	44,311
Savings Deposits		160,546	178,197
Time Deposits		116,866	119,854
Total Deposit Liabilities		319,824	342,362
Bills Payable		52,112	49,404
Bonds Payable		39,362	39,364
Accrued Taxes, Interest and Other Expenses Payable		4,571	4,453
Other Liabilities		14,606	12,413
Subordinated Debt		9,944	9,936
TOTAL LIABILITIES		440,419	457,932
Capital Funds			
Attributable to Parent Company Shareholders:			
Preferred Stock		3	3
Common Stock		13,999	13,999
Hybrid Perpetual Securities		-	-
Capital Paid in Excess of Par		22,636	22,635
Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income		853	688
Remeasurement of Net Defined Benefits		(1,270)	(1,268)
Cumulative Translation Adjustment		81	62
Reserve for Trust Business		391	388
Other Reserves		(97)	(97)
Surplus		23,287	21,695
		59,884	58,105
Non-controlling Interest		26	24
TOTAL CAPITAL FUNDS		59,910	58,129
TOTAL LIABILITIES & CAPITAL	P	500,329	P 516,061

^{1/} The consolidated financial statements have been prepared in conformity with the Philippine Financial Reporting Standards (PFRS) and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions except for earnings per share)

		(Unaudited) Jan. 1 to June 30 2016	(Unaudited) Jan. 1 to June 30 2015	(Unaudited) Apr. 1 to June 30 2016	(Unaudited) Apr. 1 to June 30 2015
INTEREST INCOME ON					
Loans and receivables	P	9,561	P 8,472	4,753	P 4,336
Investment securities		1,844	1,683	798	842
Others		155	86	105	46
		<u>11,560</u>	<u>10,241</u>	<u>5,656</u>	<u>5,224</u>
INTEREST EXPENSE ON					
Deposit liabilities		1,453	1,495	732	760
Bills payable and other borrowings		2,044	1,294	1,072	625
		<u>3,497</u>	<u>2,789</u>	<u>1,805</u>	<u>1,385</u>
NET INTEREST INCOME		<u>8,063</u>	<u>7,452</u>	<u>3,851</u>	<u>3,839</u>
IMPAIRMENT LOSSES		<u>1,044</u>	<u>1,442</u>	<u>580</u>	<u>439</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		<u>7,019</u>	<u>6,010</u>	<u>3,271</u>	<u>3,400</u>
OTHER OPERATING INCOME					
Service fees & commissions		1,611	1,573	957	856
Trading and securities gain-net		1,321	1,718	490	(5)
Trust fees		142	142	72	73
Foreign exchange gains (losses)-net		72	57	(49)	60
Miscellaneous		936	812	504	369
		<u>4,082</u>	<u>4,302</u>	<u>1,974</u>	<u>1,353</u>
OTHER OPERATING EXPENSES					
Employee benefits		2,670	2,366	1,337	1,183
Occupancy & equipment-related		1,429	1,293	716	648
Taxes & Licenses		928	760	522	358
Depreciation and amortization		862	771	451	394
Miscellaneous		2,392	2,245	1,287	1,099
		<u>8,281</u>	<u>7,435</u>	<u>4,313</u>	<u>3,681</u>
INCOME BEFORE TAX		<u>2,820</u>	<u>2,877</u>	<u>932</u>	<u>1,072</u>
TAX EXPENSE		<u>211</u>	<u>352</u>	<u>126</u>	<u>149</u>
NET INCOME		<u>2,608</u>	<u>2,525</u>	<u>807</u>	<u>923</u>
NET INCOME ATTRIBUTABLE TO NON- CONTROLLING INTEREST		<u>1</u>	<u>(1)</u>	<u>0</u>	<u>(0)</u>
NET INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	P	<u>2,608</u>	P <u>2,526</u>	<u>806</u>	<u>924</u>
Earnings per Share (Annualized)					
Basic	P	<u>3.75</u>	P <u>3.75</u>		
Diluted	P	<u>3.75</u>	P <u>3.75</u>		

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions)

	(Unaudited) Jan. 1 to June 30 2016 (06.30.16 vs. 12.31.15)	(Unaudited) Jan. 1 to June 30 2015 (06.30.15 vs. 12.31.14)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 2,820	P 2,877
Adjustments for:		
Interest income	(11,560)	(10,241)
Interest expense	3,497	2,789
Impairment losses	1,044	1,442
Depreciation and amortization	1,004	899
Dividend income	(254)	(99)
Equity in net earnings of associates	(68)	(26)
Operating income before working capital changes	(3,518)	(2,360)
Decrease (Increase) in financial assets at fair value through profit and loss	(9,653)	4,404
Increase in loans and receivables	(5,888)	(16,688)
Decrease (Increase) in investment property	(53)	620
Increase in other resources	(468)	(1,224)
Increase (Decrease) in deposit liabilities	(22,538)	6,157
Increase (Decrease) in accrued taxes, interest and other expenses	144	(119)
Increase in other liabilities	2,190	59
Cash generated from (used in) operations	(39,783)	(9,150)
Interest received	11,987	10,383
Interest paid	(3,493)	(2,791)
Cash paid for taxes	(241)	(430)
Net Cash Used in Operating Activities	(31,530)	(1,988)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in Financial Assets at FVOCI	(5)	229
Decrease (increase) in investment securities at amortized cost	47,682	253
Acquisitions of bank premises, furniture, fixtures and equipment (net)	(2,017)	(1,139)
Cash dividends received	487	99
Decrease (increase) in investments in subsidiaries and associates	(469)	(19)
Acquisitions of software	(123)	(119)
Net Cash From Investing Activities	45,556	(697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments of) bills payable	2,707	(4,337)
Dividends paid	(1,008)	(1,059)
Net proceeds from (Redemption of) bonds payable	-	(158)
Net proceeds from issuance of common shares	0	7,739
Net Cash From (Used in) Financing Activities	1,699	2,184
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,725	(500)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	14,070	13,085
Due from Bangko Sentral ng Pilipinas	50,617	46,099
Due from other banks	19,685	16,600
	84,373	75,784
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	13,813	9,826
Due from Bangko Sentral ng Pilipinas	65,110	50,479
Due from other banks	21,175	14,980
	P 100,098	P 75,285

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL FUNDS
(Amounts in Millions)

	(Unaudited) Jan. 1 to June 30 2016	(Unaudited) Jan. 1 to June 30 2015
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance, beginning	P 3	3
Issuance (Conversion) of preferred stock	-	-
Balance, end	<u>3</u>	<u>3</u>
COMMON STOCK		
Balance, beginning	13,999	12,757
Conversion of preferred stock to common stock	-	-
Issuance of common stock	0	1,242
Balance, end	<u>13,999</u>	<u>13,999</u>
HYBRID PERPETUAL SECURITIES		
Balance, beginning	-	4,883
Redemption	-	-
Balance, end	<u>-</u>	<u>4,883</u>
CAPITAL PAID IN EXCESS OF PAR		
Balance, beginning	22,635	16,148
Conversion of preferred stock to common stock	-	-
Excess of consideration given over cost of common shares issued	0	6,496
Balance, end	<u>22,636</u>	<u>22,644</u>
REVALUATION RESERVE ON FINANCIAL ASSETS AT FVOCI		
Balance, beginning as previously reported	688	835
Fair value gains (losses) during the period	165	121
Balance, end	<u>853</u>	<u>956</u>
ACCUMULATED TRANSLATION ADJUSTMENTS		
Balance, beginning	62	71
Translation adjustment during the period	20	7
Balance, end	<u>81</u>	<u>78</u>
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN		
Balance, beginning	(1,268)	(224)
Remeasurement of the defined benefits during the period	(1)	1
Balance, end	<u>(1,270)</u>	<u>(223)</u>
RESERVE FOR TRUST BUSINESS		
Balance, beginning	388	366
Transfer from surplus free	4	2
Balance, end	<u>391</u>	<u>369</u>
OTHER RESERVES		
	<u>(97)</u>	<u>(97)</u>
SURPLUS FREE		
Balance, beginning	21,694	18,367
Net income	2,608	2,526
Cash dividends on common shares	(1,008)	(840)
Cash dividends on preferred shares	(0)	(0)
Dividends on Hybrid Capital Securities	-	(219)
Transfer of fair value reserves on FVOCI	-	(53)
Retirement of Preferred Shares held by a subsidiary	(3)	-
Transfer to reserves for trust business	(4)	(2)
Balance, end	<u>23,287</u>	<u>19,779</u>
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
	<u>59,884</u>	<u>62,391</u>
NON-CONTROLLING INTEREST		
Balance, beginning	24	22
Fair value gains (losses) on available-for-sale securities, net of tax	1	1
Net Income (loss) for the year	1	(1)
Balance, end	<u>26</u>	<u>23</u>
TOTAL CAPITAL FUNDS		
	<u>P 59,910</u>	<u>62,414</u>

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Jan. 1 to June 30 2016 <hr/> (Unaudited)	Jan. 1 to June 30 2015 <hr/> (Unaudited)
NET PROFIT FOR THE PERIOD	P 2,608 <hr/>	P 2,525 <hr/>
OTHER COMPREHENSIVE INCOME (LOSSES)		
Fair value gains (losses) on Financial assets at FVOCI	165	121
Retirement plan	(1)	1
Translation adjustment during the year	20 <hr/>	7 <hr/>
Other Comprehensive Income (Loss) for the period	183	129
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,792	2,654
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	1 <hr/>	1 <hr/>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	P 2,790 <hr/>	P 2,653 <hr/>

Additional Disclosures to Item I – Financial Statements

Statement of Compliance with Generally Accepted Accounting Principles. The interim financial statements of the Bank have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

As permitted by PFRS 9 and BSP Circular 708, the Bank sold certain loans and receivables and peso and dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of Php 61.53 billion. The disposal resulted in a gain of Php 1.05 billion, which is included under Trading and securities gains-net in the statement of profit or loss. In addition, the Bank concluded that the sale did not result to changes in its business models for managing financial assets to collect contractual cash flows.

Accounting Policies and Methods of Computation. There were no changes in the accounting policies and methods of computation followed in the interim financial statements as compared with the most recent annual financial statements.

Seasonality or Cyclicity of Interim Operations. Seasonal or cyclical events and/or conditions do not materially affect the year-round operations of the Bank.

Changes in Estimates of Amounts Reported. There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

Issuances, Repurchases and Repayments of Debt and Equity Securities. There were no issuances, repurchases, and repayments of debts and equity securities in the interim financial statements as compared with the most recent annual financial statements.

Dividends Paid for Ordinary or Other Shares. In its meeting held on April 25, 2016, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.066 per share or a total of approximately P19 thousand payable to holders of Preferred Class shares which was approved by the Bangko Sentral on June 16, 2016 and paid on June 21, 2016. The Board of Directors also approved the declaration and payment of cash dividends amounting to P0.72 per share or a total of approximately P1.007 billion payable to holders of Common Class and a total of approximately P212 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on June 16, 2016 and paid on July 18, 2016.

In its meeting held on January 25, 2016, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.06495 per share, or a total of approximately P20 thousand. The dividends were paid to shareholders of Preferred Class shares on March 23, 2016.

In its meeting held on November 4, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.05928 per share, or a total of approximately P18 thousand. The dividends were paid to shareholders on December 22, 2015.

In its meeting held on July 27, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0583 per share, or a total of approximately P18 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 11, 2015 and paid on September 24, 2015.

In its meeting held on April 27, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.05667 per share, or a total of approximately P18 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 11, 2015 and paid on September 22, 2015.

The details of the 2016 cash dividend approvals and distributions from last quarter of 2014 up to first semester of 2016 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend		Date Approved by the BSP	Date Paid / Payable	Nature of Securities
	Per Share	Total Amount			
27-Oct-14	P 0.0564	P 19	19-Dec-14	28-Jan-15	Convertible Preferred Stock
27-Oct-14	P -	P 218,608	20-Mar-15	27-Apr-15	Hybrid Tier 1
26-Jan-15	P 0.0563	P 18	20-Mar-15	27-Mar-15	Convertible Preferred Stock
30-Mar-15	P 0.6000	P 839,945	13-May-15	8-Jun-15	Common Stock
30-Mar-15	P 0.6000	P 186	13-May-15	8-Jun-15	Preferred Stock
27-Apr-15	P 0.05667	P 19	11-Sep-15	22-Sep-15	Convertible Preferred Stock
27-Jul-15	P 0.0583	P 18	11-Sep-15	24-Sep-15	Convertible Preferred Stock
4-Nov-15	P 0.05928	P 18	N/A	22-Dec-15	Convertible Preferred Stock
25-Jan-16	P 0.06495	P 20	N/A	23-Mar-16	Convertible Preferred Stock
25-Apr-16	P 0.0660	P 19	16-Jun-16	21-Jun-16	Convertible Preferred Stock
25-Apr-16	P 0.7200	P 1,007,937	16-Jun-16	18-Jul-16	Common Stock
25-Apr-16	P 0.7200	P 212	16-Jun-16	18-Jul-16	Preferred Stock

Segment Information. The following table presents revenues and expenses of the Parent Company that are directly attributable to primary business segments for the period ended June 30, 2016 (in millions).

RESULTS OF OPERATIONS					
	Retail Banking Group	Corporate Banking Group	Treasury / Trust	Others	Total
Net interest income	5,199	3,903	335	(3,935)	5,501
Non-interest income	1,287	761	1,300	414	3,762
Total revenue	6,485	4,664	1,635	(3,521)	9,263
Non-interest expense	3,603	902	302	1,685	6,491
Income (loss) before Income tax	2,882	3,762	1,333	(5,206)	2,772
Income tax provision	-	-	-	164	164
Net income (loss)	2,882	3,762	1,333	(5,370)	2,608

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements.

In August 2016, the Monetary Board approved the imposition of supervisory action on RCBC to pay the amount of P1.0 billion in relation to the completed special examination related to the Bangladesh cyber heist. As of August 2016, the Bank has fully accrued the penalty in its financial statements.

Changes in Composition of the Issuer During the Interim Period. RCBC TeleMoney Europe S.p.a ceased its operations in March 2016. It is a wholly-owned subsidiary of the bank and was established in 1995 in Rome, Italy to engage in the remittance business.

Changes in Contingent Liabilities or Contingent Assets. There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

Material Contingencies and Any Other Events or Transactions. During the interim period, there were no changes in material contingencies and any other events or transactions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES								
	Consolidated				Parent			
	Unaudited		Audited		Unaudited		Audited	
	30-Jun-16		31-Dec-15		30-Jun-16		31-Dec-15	
Return on Average Assets (ROA)* ^{1/}	1.05%		1.09%		1.01%		1.11%	
Return on Average Equity (ROE) ^{*2/}	8.81%		9.33%		7.85%		8.84%	
BIS Capital Adequacy Ratio	16.78%		15.72%		17.08%		15.63%	
Non-Performing Loans (NPL) Ratio ^{3/}	0.87%		0.79%		0.25%		0.26%	
Non-Performing Assets (NPA) Ratio ^{4/}	1.66%		1.45%		0.39%		0.37%	
Net Interest Margin (NIM)*	4.19%		4.15%		3.61%		3.62%	
Cost-to-Income Ratio	68.19%		67.74%		68.35%		65.75%	
Loans-to-Deposit Ratio	87.95%		86.74%		85.57%		87.12%	
Current Ratio	0.54		0.43		0.58		0.43	
Liquid Assets -to-Total Assets Ratio	0.27		0.17		0.34		0.18	
Debt-to-Equity Ratio	7.35		7.88		6.80		7.32	
Asset-to- Equity Ratio	8.35		8.88		7.80		8.32	
Asset -to- Liability Ratio	1.14		1.13		1.15		1.14	
Interest Rate Coverage Ratio	1.81		1.81		1.77		1.89	
Earnings per share (EPS)* ^{5/}								
Basic and Diluted	PHP	3.75	PHP	3.76	PHP	2.92	PHP	3.13

*June 30,2016 ratios/amounts were annualized

^{1/} Average assets for the consolidated and parent ratios were computed based on the 7-month average of end of month balances of total assets. Unaudited net income for the 6-month period ended June 30, 2016 in the amount of P2.608 billion and P2.033 billion represented the consolidated and parent, respectively.

^{2/} Average equity for the consolidated and parent ratios were, likewise, computed based on the 7-month average of end of month balances. Unaudited net income for the 6-month period ended June 30, 2016 in the amount of P2.608 billion and P2.033 billion represented the consolidated and parent, respectively.

^{3/} Non-performing loans (NPLs) were net of total specific allowance for probable losses per BSP Circular No. 772 of 2012.

^{4/} NPAs were net of total specific allowance for probable losses.

^{5/} Total weighted average number of issued and outstanding common shares (diluted) as of June 30, 2016 – 1,399,980,113 shares; as of December 31, 2015 – 1,362,537,128 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

RCBC SAVINGS BANK	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Income	PHP	409,656	Php 1,250,962
Return on Average Assets (ROA)*		0.89%	1.48%
Return on Average Equity (ROE)*		8.25%	14.10%
BIS Capital Adequacy Ratio (CAR)		13.17%	13.99%
Non-Performing Loans (NPL) Ratio		2.24%	1.94%
Non-Performing Assets (NPA) Ratio		6.22%	5.23%
Earnings per Share (EPS)*	PHP	26.61	Php 40.52

RIZAL MICROBANK	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Loss	PHP	(8,900)	Php (64,848)
Return on Average Assets (ROA)*		-1.74%	-7.47%
Return on Average Equity (ROE)*		-2.91%	-14.11%
BIS Capital Adequacy Ratio (CAR)		74.31%	82.22%
Non-Performing Loans (NPL) Ratio		1.77%	0.00%
Non-Performing Assets (NPA) Ratio		2.16%	0.89%
Loss per Share (EPS)*	PHP	(2.04)	Php (5.76)

RCBC CAPITAL CORPORATION and Subsidiaries	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Income	PHP	324,577	Php 133,505
Return on Average Assets (ROA)*		16.20%	3.02%
Return on Average Equity (ROE)*		18.15%	3.59%
BIS Capital Adequacy Ratio (CAR)		26.42%	26.27%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.04%	0.01%
Earnings per Share (EPS)*	PHP	5.51	Php 1.13

RCBC FOREX BROKERS CORPORATION	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Income	PHP	29,052	Php 70,914
Return on Average Assets (ROA)*		23.57%	15.36%
Return on Average Equity (ROE)*		28.36%	32.73%
Capital to Total Assets Ratio		78.99%	63.92%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	116.53	Php 141.83

*June 30, 2016 ratios/amounts were annualized

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Income	PHP	1,852	Php 3,749
Return on Average Assets (ROA)*		2.67%	2.92%
Return on Average Equity (ROE)*		2.71%	3.02%
Capital to Total Assets Ratio		98.16%	95.02%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	1.49	Php 1.50

RCBC NORTH AMERICA, INC.	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Loss	PHP	(1,507)	Php (3,825)
Return on Average Assets (ROA)*		-143.98%	-76.41%
Return on Average Equity (ROE)*		-158.49%	-178.16%
Capital to Total Assets Ratio		97.25%	215.19%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(69.12)	Php (87.47)

RCBC TELEMONEY EUROPE S.P.A	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Income (Loss)	PHP	(43,594)	Php 5,276
Return on Average Assets (ROA)*		-66.99%	1.94%
Return on Average Equity (ROE)*		274.75%	45.69%
Capital to Total Assets Ratio		-145.39%	-5.67%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings (Loss) per Share (EPS)*	PHP	(874.28)	Php 52.76

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Unaudited		Audited
In Php 000s	June 30, 2016		December 31, 2015
Net Income (Loss)	PHP	(222)	Php (5,745)
Return on Average Assets (ROA)*		-0.20%	-2.53%
Return on Average Equity (ROE)*		0.38%	5.03%
Capital to Total Assets Ratio		-57.95%	-50.14%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(0.00)	Php (0.03)

*June 30, 2016 ratios/amounts were annualized

NIYOG PROPERTY HOLDINGS, INC. In Php 000s	Unaudited		Audited
	June 30, 2016		December 31, 2015
Net Income	PHP	7,171	Php 88,670
Return on Average Assets (ROA)*		1.87%	10.68%
Return on Average Equity (ROE)*		1.95%	11.43%
Capital to Total Assets Ratio		95.73%	86.06%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	10.34	Php 63.75

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s	Unaudited		Audited
	June 30, 2016		December 31, 2015
Net Income	PHP	33,145	Php 33,983
Return on Average Assets (ROA)*		1.08%	0.81%
Return on Average Equity (ROE)*		11.53%	5.86%
Capital to Total Assets Ratio		8.26%	20.54%
Non-Performing Loans (NPL) Ratio		12.49%	15.70%
Non-Performing Assets (NPA) Ratio		11.42%	13.94%
Earnings per Share (EPS)*	PHP	0.14	Php 0.07

**June 30, 2016 ratios/amounts were annualized*

30 June 2016 vs 31 December 2015

Consolidated Total Resources of the Bank for the period ended June 30, 2016 was recorded at P500.329 billion, 3.05% down or P15.732 billion lower than P516.061 billion as of end-December 31, 2015.

Due from Bangko Sentral recorded at P65.110 billion, 28.63% higher from P50.617 billion and accounted for 13.01% of the Total Resources.

Loans and Receivables, Net was recorded at P303.535 billion and accounted for 60.67% of the Banks's Total Resources.

Total Investment Securities accounted for 14.66% of Total Resources and totaled P73.342 billion; there was a 34.05% decrease or P37.859 billion from P111.201 billion mainly due to the sale of certain securities. Financial Assets at Fair Value Through Profit or Loss increased by 188.82% or P9.653 billion from P5.112 to P14.765 billion. Investment Securities at amortized cost, which accounted for 10.83% of Total Resources stood at P54.199 billion.

As permitted by PFRS 9 and BSP Circular 708, the Bank sold certain loans and receivables and peso and dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of P61.53 billion. The disposals resulted in a gain of P1.05 billion, which is included under Trading and securities gains-net in the statement of profit or loss. In addition, the Bank concluded that the sales did not result to changes in its business models for managing financial assets to collect contractual cash flows.

Investments in Associates, net, grew by 19.16% or up by P70 million from P363 million to P432 million. Bank Premises, Furniture, Fixtures and Equipment, net grew by 17.31% or P1.316 billion from P7.602 billion to P8.918 billion attributable to the opening of new bank branches and acquisition of equipment for lease.

Total Deposit Liabilities, which accounted for 63.92% of Total Resources, settled at P319.824 billion. Savings Deposits stood at P160.546 billion and accounted for 32.09% of total resources. Demand Deposits accounted for 8.48% of total resources and stood at P42.411 billion while higher-costing time deposits reached P116.866 billion and accounted for 23.36% of total resources. CASA-to-deposit ratio stood at 63.46% as of end-June 2016 compared to 64.99% as of end-December 2015.

Bonds Payable, which accounted for 7.87% of Total Resources, stood at P39.362 billion. Bills Payable increased by 5.48% or P2.708 billion from P49.404 billion to P52.112 billion due to higher foreign currency dominated borrowings for this period and accounted for 10.42% of total resources. Other Liabilities, likewise, went up by 17.67% or P2.193 billion from P12.413 billion to P14.606 billion mainly due to recognition of dividends payable and increase in derivative liabilities and payment orders payable.

Total Liabilities was recorded at P440.419 billion and accounted for 88.02% of Total Resources.

Net Unrealized Gains on Financial Assets at Fair Value through Other Comprehensive Income grew by 23.99% or up by P165 million due to revaluation of investment securities.

Cumulative Translation Adjustment increased by 32.06% or P19 million from P62 million to P81 million mainly due to the changes in the peso exchange rates used in the conversion of foreign subsidiaries.

Retained Earnings of P23.287 billion represented 38.88% of Total Capital Funds. The Bank's Capital, excluding Non-controlling Interest grew to P59.884 billion and accounted for 11.97% of Total Resources.

Finally, there are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's operational performance and ability to service obligations.

30 June 2016 vs. 30 June 2015

RCBC posted a Net Income of ₱2.608 billion for the six months ended June 30, 2016, ₱83 million or 3.30% higher than the ₱2.525 billion income for the same period last year.

Net Interest Income, representing 66.39% of Total Operating Income, was recorded at ₱8.063 billion. Total Interest Income increased by 12.88% or up by ₱1.319 billion from last year's ₱10.241 now at ₱11.560 billion, attributable to: Interest Income from Loans and Receivables grew by 12.85% or ₱1.089 billion from ₱8.472 billion to ₱9.561 billion and accounted for 78.72% of the Total Operating Income; and, Interest Income, Others, improved by 79.29% or up by ₱68 million from ₱86 million to ₱155 million. Interest Income from Investment Securities, which accounted for 15.19% of Total Operating Income, amounted to ₱1.844 billion.

Total Interest Expense, accounted for 28.80% of Total Operating Income, was made up of Interest on Deposit Liabilities and Interest on Bills Payable and Other Borrowings which are 11.97% and 16.83% of the Total Operating Income, respectively. Total Interest Expense increased by 25.40% or ₱708 million from ₱2.789 billion to ₱3.497 billion, with Interest Expense in Bills Payable and Other Borrowings up by 57.99% or ₱750 million from ₱1.294 billion to ₱2.044 billion mainly due to increase in the volume of bills payable and additional issuance of \$320M senior notes in November 2015.

Provisioning for Impairment Losses this period, which accounted for 8.59% of the Total Operating Income was at ₱1.044 billion, 27.60% or ₱398 million lower from ₱1.442 billion that was set for the same period last year.

Other Income settled at ₱4.082 billion and accounted for 33.61% of Total Operating Income. Items under Operating Income posted the following results:

- Service fees and commissions stood at ₱1.611 billion and accounted for 13.26% of total operating income.
- Trading and securities gain-net recorded at ₱1.321 billion and is 10.88% of Total Operating Income
- Trust fees stood at ₱142 million.
- Foreign exchange gains improved by 27.47% or ₱16 million from ₱57 million, now at ₱72 million.
- Miscellaneous income is higher by 15.24% or ₱124 million from ₱812 million in the same period last year now at ₱936 million mainly due to higher dividend income.

Representing 68.19% of Total Income, Other Operating Expenses increased by 11.39% or ₱847 million from ₱7.435 billion to ₱8.281 billion due to the following:

- Employee benefits went up by 12.82% or ₱303 million from ₱2.366 billion to ₱2.670 billion mainly due to the additional headcount as a result of branch expansion.
- Occupancy & equipment related expenses increased by 10.58% or ₱137 million from ₱1.293 billion to ₱1.429 billion and consumed 11.77% of total operating income. The increase is attributable to opening of new bank branches.
- Taxes and licenses settled at ₱928 million.
- Depreciation and amortization increased by 11.77% or ₱91 million from ₱771 million to ₱862 million as a result of setting up of additional banking channels and depreciation of newly acquired fixed assets.
- Miscellaneous expenses settled at ₱2.392 billion and used up 19.70% of total operating income.

Tax expense was lower by 39.94% or ₱141 million from ₱352 million to ₱211 million as a result of recognition of deferred assets.

Except as discussed under Material Events Subsequent to the End of the Interim period, there were no significant elements of income or loss that did not arise from the bank's continuing operations.

Commitments and Contingent Liabilities

In the normal course of operations of the Bank, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., which are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect results of operations.

In the opinion of Management, the suits and claims arising from the normal course of operations of the Bank that remain unsettled, if decided adversely, will not involve sums that would have a material effect on Bank's financial position or operating results.

In October 2008, Global Steel Philippines (SPV-AMC), Inc. (GSPI) and Global Ispat Holdings (SPV-AMC), Inc. (GIHI), which purchased the Iligan Plant assets of the NSC from the Liquidator in 2004, filed a Notice of Arbitration with the Singapore International Arbitration Centre (SIAC) seeking damages arising from the failure of the Liquidator and the secured creditors, including the Bank and RCBC Capital, to deliver the Plant assets free and clear from liens and encumbrance; purportedly depriving them of the opportunity to use the assets in securing additional loans to fund the operations of the Plant and upgrade the same. On May 9, 2012, the SIAC Arbitral Tribunal rendered a Partial Award in favor of GSPI and GIHI in the total amount of (a) US\$80,000,000.00, as and by way of lost opportunity to make profits and (b) P1,403,000,000.00, representing the value of the Lost Land Claim. A petition to set aside the Partial Award was filed with the Singapore High Court, which granted the same on July 31, 2014. The Singapore High Court likewise subsequently heard and granted on November 17, 2014 the secured creditors' application, among others, for the issuance of consequential orders relating to the discharge of the injunctions issued in 2008, such that applying the principle of legal set-off, the secured creditors directed the release of GSPI and GIHI's installment payment by the Facility Agent. Accordingly, the Bank and RCBC Capital received their respective share in the funds previously held in escrow. Moreover, the secured creditors may now compel GSPI and GIHI to comply with their obligations under the Omnibus Agreement (OMNA)/Asset Purchase Agreement (APA) and take legal action upon GSPI and GIHI's failure to do so.

The Singapore Court of Appeals heard GSPI and GIHI's appeal on January 26, 2015. On March 31, 2015, the Singapore Court of Appeals rendered a decision which affirmed the earlier decision of the Singapore High Court insofar as it set aside (a) the monetary award of US\$80 million and P1,403 million representing lost opportunity to make profit and the value of the Lost Land Claim in favor of GSPI and GIHI, and (b) the deferment of GSPI and GIHI's obligation to pay the purchase price of the Plant Assets. The Singapore Court of Appeals ruled that (a) the issue of lost opportunity to make profit was not properly brought before the SIAC Arbitral Tribunal, and the award in issue is unsupported by evidence; (b) the SIAC Arbitral Tribunal erred in putting a value on the Lost Land, since the secured creditors did not, at any point, concede that they will be unable to deliver the same to GSPI and GIHI by October 15, 2012; and (c) the dispute relating to GSPI and GIHI's payment obligation is an obligation under the OMNA, which is beyond the ambit of arbitration, so that the SIAC Arbitral Tribunal could not properly order the Bank, RCBC Capital and the other secured creditors to defer holding GSPI and GIHI in default. However, the Singapore Court of Appeals held that the NSC Liquidator and Secured Creditors are still required to deliver to GSPI and GIHI clean title to the NSC Plant Assets.

On 12 August 2015, the Singapore Court of Appeals heard the oral arguments of the parties on the following issues: (a) the remand of the case back to the Arbitral Tribunal or a new Arbitral Tribunal, as prayed for by GSPI and GIHI, so it can present evidence on their lost opportunity to make profit, and (b) the costs to be awarded to the NSC Liquidator and the Secured Creditors, which have been the subject of the submissions of the parties. On November 27, 2015, the Singapore Court of Appeals held that, applying the provisions of the International Arbitration Act (IAA) of Singapore, which governed the proceedings between the parties, the issue of GSPI and GIHI's lost opportunity to make profit cannot be remanded to the Arbitral Tribunal, or to a new Arbitral Tribunal for that matter, to be litigated anew after the earlier award relating thereto has been set aside by the courts. The doctrines of *res judicata* and *abuse of process* also operate to

preclude the reopening of this issue. However, as to the issue of the Lost Land Claims, the Singapore Court of Appeals opined that since this issue was not actually fully litigated before the Arbitral Tribunal, the award to GSPI and GIHI of the amount of P1,403 million is premature. Thus, this issue, covering the Billet Shop Land of 3.4071 hectares (as set out in Schedule VI of the APA), may be the subject of a fresh arbitration proceedings before a new arbitral tribunal. The Singapore Court of Appeals likewise awarded litigation costs to the liquidator but none to the secured creditors.

The Bank's exposure is approximately P260.0 million in terms of estimated property taxes and transfer costs due on the Iligan Plant assets, while it has a receivable from Global Steel of P485.5 million, taking into consideration the P49.3 million installment payment it had received from the funds previously in escrow. The Bank has fully provisioned the receivable, which is classified in the books of the Bank as UDSCl with zero net book value. The Bank's exposure, however, may be varied depending on (a) whether the Iligan City's assessment of the post-closing taxes will be sustained as valid (including those imposed on non-operational machineries), now that all pre-closing taxes on the NSC assets sold to GSPI and GIHI are deemed paid, following the denial with finality of its Petition for Review by the Supreme Court and the issuance of an Entry of Judgment on 16 March 2016, and (b) should Iligan City agree to enter into another tax agreement with NSC on its outstanding post-closing tax obligation.

In 2011, Verotel Merchant Services B.V. ("VMS"), a Netherlands corporation, and Verotel International Industries, Inc. ("VII"), a Philippine corporation civilly sued the Bank, Bankard, Inc. ("Bankard"), Grupo Mercarse Corp., CNP Worldwide, Inc. ("CNP") and several individuals before the Los Angeles Superior Court for various causes of action including fraud, breach of contract and accounting, claiming that VII and its alleged parent company, VMS, failed to receive the total amount of US\$1.5 million, which the defendants allegedly misappropriated. VMS is an Internet merchant providing on-line adult entertainment and on-line gambling, in addition to the sale of pharmaceuticals over the Internet.

On December 4, 2014, Judge Bruguera of the Los Angeles Superior Court declared a mistrial and recused herself from hearing the case after one of the plaintiffs' counsel unilaterally set a mandatory settlement conference with another judge of the Los Angeles Superior Court without any directive/clearance from her court. The case was subsequently raffled to Judge Mitchell Beckloff, who heard and denied the Bank and Bankard's Motion to Vacate the orders of Judge Bruguera, who had earlier denied the Bank and Bankard's motions for summary judgment. Judge Beckloff ruled that there are material facts in dispute which will require a full-blown trial. Due to the reassignment of Judge Beckloff to another court county effective September 14, 2015, the case was heard in January 2016 by a new judge, Judge Michael J. Raphael.

Trial before Judge Raphael transpired from January 13 to 26, 2016, where the issues on prescription, VII's lack of capacity to sue and VMS's lack of standing to sue were reserved for Judge Raphael's disposition. On January 27, 2016, the jury rendered a verdict solely in favor of VMS. However, recognizing that his disposition of the Bank/Bankard's pending motion for nonsuit (which cited, among others, the ruling of the California Supreme Court in the case of *Greb v. Diamond International Corp.* (56 Cal. 4th 243 [2013])), will impact the jury verdict, Judge Raphael, on his own, deferred the entry of such jury verdict until after the March 10, 2016 hearing on the Bank/Bankard's motion for nonsuit.

On 10 March 2016, the Bank/Bankard informed Judge Raphael that they will, instead, be filing a motion for judgment notwithstanding verdict (JNOV) and motion for new trial, as these are more appropriate to address the fact that, not only was the litigated claim time-barred, and VII/VMS do not have the capacity and standing to sue, respectively, the very evidence presented by VII/VMS showed that (a) the monetary claim arose from transactions involving websites not owned by VII/VMS, (b) these have been registered under another merchant, and (c) therefore, the website are not covered by VII's Tripartite Merchant Agreement with Bankard. On 11 April 2016, the Bank/Bankard timely filed their motions for JNOV and new trial where they likewise assailed the many misleading statements made by the counsel for VII/VMS in his closing argument, which incited the passion and prejudice of the jurors. On April 27, 2016, the Bank/Bankard likewise timely filed their Reply to the Oppositions filed by VII/VMS.

On May 12, 2016, Judge Raphael heard, and partially granted, the Bank/Bankard's Motion for JNOV by deleting the US\$7.5 Million punitive damages awarded to VMS in the absence of proof that (a) a corporate officer of the Bank/Bankard knew of, authorized, or ratified Janet Conway's fraudulent acts, and (b) Conway was a managing agent of the Bank/Bankard within the meaning of the California Civil Code Section 3294(b). However, Judge Raphael ruled that Conway was an agent of the Bank/Bankard for some purposes. Thus, he deemed the statute of limitation equitably tolled during that time Conway represented that she was negotiating to recover the funds from the defendants, as an alternative to filing a lawsuit, and sustained the award of US\$1.5 Million. Judge Raphael likewise deemed the issue of VII's lack of capacity to sue mooted as the jury did not award any damages thereto, and held that VMS has standing to bring its tort claims as it was allegedly established that VMS had a business relationship with the Bank/Bankard. As for the Motion for New Trial, Judge Raphael ruled that (a) he cannot conclude that the conduct of plaintiffs and their counsel during the trial resulted in a miscarriage of justice, and (b) at any rate, the deletion of the punitive damages mooted the issue. Judge Raphael has likewise heard, and partially granted, plaintiffs' motion for interest and awarded VMS prejudgment interest in the amount of US\$490,548.34.

While Judge Raphael has issued the corresponding orders on the Bank/Bankard's Motions for JNOV and New Trial, as well as VMS's motion for interest, he has yet to formally sign the Amended Judgment in the case. As such, the period of appeal therefrom has yet to run. Likewise, by reason of the previous order of Judge Raphael, the execution of any judgment remains stayed until July 15, 2016, at which time Judge Raphael will hear VMS's motions for the grant of attorney's fees and costs. The Bank/Bankard intends to appeal the Amended Judgment once it is entered into the records and file its oppositions to the aforesaid motions.

In December 2011, RCBC Securities initiated the filing of a criminal case for falsification against a former agent who carried out certain questionable transactions with her own personal clients. Since then, RCBC Securities has filed additional criminal and civil cases, including charges of BP 22, against the aforesaid former agent. These cases are now pending with the Regional Trial Court and Metropolitan Trial Court of Makati City. There is also an investigation before the Capital Markets Integrity Corporation ("CMIC") of the Philippine Stock Exchange initiated in May 2012 requesting for an investigation on the operations of RSEC in relation to the accounts handled by the former agent and requesting the CMIC to take appropriate action. The CMIC, in its letter dated 4 December 2014, dismissed the complaint on the ground of prescription and res judicata. The complainants' motion for reconsideration of the CMIC decision remains pending to date. There is also a complaint filed in December 2013 before the Securities and Exchange Commission ("SEC") for alleged violations by RSEC of the Securities Regulation Code for improperly accounting for shares handled by the former agent. The complaints sought for penalties against RSEC, including the suspension or revocation of RSEC's license. The complaint is still pending before the SEC.

In October 2011, the Bank filed a case before the Court of Tax Appeals questioning the 20% final withholding tax on PEACe Bonds by the BIR. The Bank subsequently withdrew its petition and joined various banks in their petition before the Supreme Court on the same matter. Notwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P199 million in October 2011 from the Bank on the interest on its PEACe bonds holdings. The amount was recognized as part of Loans and Receivables account in the statements of financial position.

On 13 January 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the Bureau of Treasury to return the 20% final withholding tax it withheld on the PEACe Bonds on 18 October 2011. On 16 March 2015, RCBC filed a Motion for Clarification and/or Partial Reconsideration, seeking clarification to exclude from the definition "deposit substitutes" the PEACe Bonds since there was only one lender at the primary market, and subsequent sales in the secondary market pertain to a sale or assignment of credit, which is not subject to withholding tax. RCBC also sought partial reconsideration to the ruling that should the PEACe Bonds be considered as deposit substitutes, the BIR

should collect the unpaid final withholding tax directly from RCBC Capital / Code NGO, or any lender or investor, as withholding agents, since there was no interest earned and collection of the withholding tax, if at all, has already prescribed. RCBC also reiterated its arguments that the tax constitutes double taxation, violates the non-impairment clause of the Constitution, and is a breach of the obligations by the Bureau of Treasury when it issued the PEACe Bonds. The Office of the Solicitor General also filed a Motion for Reconsideration and Clarification, reiterating the BIR's right to withhold 20% as Final Withholding Tax and asking for clarification on the effect of the ruling on other government securities.

On March 15, 2011, the BIR issued Revenue Regulations No. 4-2011 (RR 4-2011) which prescribed that for income tax reporting purposes, banks and other financial institutions must (a) report costs and expenses either under RBU or FCDU/EFCDU or OBU if specifically identified as such; or (b) allocate such cost and expenses, which cannot be specifically identified, based on percentage share of gross income earnings of a unit.

The BIR, however, issued assessment notices to banks and other financial institutions for deficiency income tax for alleged non-intra-unit allocation of costs and expenses to exempt income and income subjected to final tax within RBU and within FCDU.

On April 6, 2015, Petitioner-Banks, including RCBC and member-banks of the Bankers Association of the Philippines (BAP), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Preliminary Injunction (P.I.), with the Regional Trial Court (RTC) of Makati. Further, in Civil Case No. 15-287, the Petitioner-Banks assailed the validity of RR 4-2011 on various grounds including but not limited to (a) that the said RR was issued and implemented in violation of the petitioner-banks' substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; and (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribed method of allocation.

On April 8, 2015, RTC Makati issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 27, 2015, RTC Makati issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 04-2011 against the Petitioner-Banks, including the issuance of Preliminary Assessment Notice or Final Assessment Notice, as the case may be, based on the revenue regulations, pending litigation, unless sooner dissolved.

On 10 June 2015, RTC Makati issued a Confirmatory Order which confirms the effects of the TRO and WPI that the writ of preliminary injunction currently in effect includes a prohibition against the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as Petitioners are concerned.

In February 2016, there was an alleged unauthorized transfer of funds from the Bank of Bangladesh to 4 accounts in RCBC, which were eventually transferred to various accounts outside of RCBC. Regulatory penalties and various cases may arise from this. The Bank does not expect these penalties to affect its ability to perform its existing obligations or unduly hamper its operations.

There are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's operational performance and ability to service obligations.

Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

The following is a summary of contingencies and commitments arising from off-balance sheet items at their equivalent peso contractual amounts as of June 30, 2016 and December 31, 2015:

In Million Php	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	30-Jun-2016	31-Dec-2015	30-Jun-2016	31-Dec-2015
Derivative liabilities	30,105	32,102	30,105	32,102
Derivative assets	40,354	30,822	40,354	30,822
Trust department accounts	89,168	87,097	66,545	65,974
Outstanding guarantees issued	29,157	29,210	29,157	29,210
Spot foreign exchange bought	4,506	2,343	4,506	2,343
Spot foreign exchange sold	4,684	2,525	4,509	2,346
Unused commercial letters of credit	9,681	12,574	9,638	12,508
Inward bills for collection	2,136	1,861	2,136	1,861
Late deposits/payments received	809	511	707	477
Outward bills for collection	84	85	79	84

There are also no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Similarly, there were no significant elements of income or loss that did not arise from the Bank's continuing operations.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **August 15, 2016**


GIL A. BUENAVENTURA
President & CEO


FLORENTINO M. MADONZA
SVP, Head - Controllership Group


MA. CHRISTINA P. ALVAREZ
SVP, Head - Corporate Planning

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
30-Jun-16
(Amounts in PHP)

		1-90 days	91-180 days	181-1 year	Over one year	Total	Allow	Net
	Accounts Receivable	445,737,763.81	26,930,456.86	141,531,563.40	1,111,155,928.60	1,725,355,712.67	524,387,770.54	1,200,967,942.13